

MILWAUKEE JOURNAL  
28 February 1985

# CIA gave Rewald hot tips, SEC told

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Officials of the CIA gave hot investment tips, obtained from secret intelligence sources, to the controversial former Milwaukeean Ronald Rewald, according to a close Rewald associate.

Rewald used the CIA tips to buy into highly profitable short-term international investments, said Robert W. Jinks, who was an attorney and consultant to Rewald's now bankrupt Honolulu investment firm, Bishop, Baldwin, Rewald, Dillingham & Wong.

Among those who profited were both CIA employees and private citizens.

One investment, for example, involved speculating in Argentine real estate during the Falkland Islands war with Great Britain.

Rewald has said he has worked for the CIA since 1963, when he spied on anti-war activities at the University of Wisconsin — Madison, and that his Honolulu firm was a front for various secret CIA projects, including intelligence gathering on international finance and illegal arms transactions. The CIA does not dispute his

his activities were carried out at the direction of the CIA.

Among other things, he is charged with defrauding several hundred investors, including about 20 from Wisconsin, of more than \$12 million.

Although Rewald contends that Bishop-Baldwin still has assets, he was forced into bankruptcy by trustees after state and federal investigations.

The CIA has confirmed that some employees were investors in Rewald's firm, and a congressional committee, in a rare public comment, has stated its concern about CIA employees profiting from investments made through Rewald.

But until now there has been no public reference to or examples of these cases of investing on the basis of CIA inside information.

## Secret testimony

Jinks discussed them in three days of secret testimony in January 1984 to lawyers from the Securities and Exchange Commission. The Journal has obtained a copy of the transcripts of that testimony from John Kelly, editor of The National Reporter, a magazine in Washington, D.C., that specializes in covering the intelligence community.

According to Jinks, Rewald frequently alerted him to investment opportunities uncovered by CIA intelligence. Jinks said Rewald "told me there would be occasional investment opportunities that would come up by virtue of becoming a CIA agent."

To illustrate, Jinks explained to SEC attorneys an investment made during the Falkland Islands war between Argentina and Great Britain.

Jinks was told that some Argentines, worried that the British would invade mainland Argentina, "were selling their property at some ridiculously low amount."

Continued Jinks: "Rewald said that the CIA intelligence showed clearly there was no question that the British were not going to invade the mainland of Argentina, but were only going to recover the Falkland Islands. The CIA had explicit intelligence on this . . . this would make a terrific investment."

## \$142,000 purchase

Jinks said Rewald told him that "through the CIA contacts, they made arrangements to buy several million dollars worth of the property." Jinks and an associate invested \$142,000.

Rewald was in Argentina when the war broke out in April 1982, using as his cover his participation in a series of polo matches in Argentina and Chile.

CIA general counsel Stanley Sporkin confirmed in December that some CIA employees were investors in Rewald's now bankrupt firm. Before joining the CIA in 1982, Sporkin was director of enforcement at the SEC, in charge of insider trading investigations.

The participation of CIA employees in Rewald's investment activities was alluded to in an unusual comment in a January 1985 congressional report by the House Select Committee on Intelligence. The report notes:

"The Committee as a practice does not publicly comment on cases currently being tried, but the Rewald case in Hawaii requires some mention.

"The committee can find no evidence that the CIA instructed Mr. Rewald to engage in the financial activity that has brought him before the bar of justice. The committee is concerned, however, that one or more CIA employees may have acted in an unprofessional way, endangering their own and others' cover, in their eagerness to make what they thought would be enormous profits by investing money with Mr. Rewald."

It is known that among Rewald's CIA investors were Jack Kindschi and Jack Rardin, both of whom served as chief of the CIA's Honolulu office during the early 1980s.

Kindschi left the CIA to take a job on Rewald's staff. After the firm collapsed, he returned to Platteville, where he was born.

It was Kindschi's and Rardin's frequent contact with Rewald that made Jinks confident that Bishop-Baldwin performed substantial CIA business, as Rewald claimed.

In the transcripts, SEC attorney Robert L. Miller pressed Jinks on that issue: Did Jinks ever check with the CIA to determine if Bishop-Baldwin was associated with the agency?

Jinks: "Well, again, I met both the former station chief [Kindschi] and the present station chief [Rardin] at Mr. Rewald's office, and they were there, and business was discussed, and trips were discussed. So, I — you know, I knew there was a connection."



Ronald Rewald

claim to have signed the standard CIA pledge to secrecy.

Rewald now lives in Los Angeles, awaiting trial in Hawaii on a 100-count federal indictment alleging fraud and perjury. Rewald has claimed in his defense that most of

SEC's Miller: "Did Mr. Kindschi tell you that the firm of Bishop-Baldwin or Ron Rewald was a CIA agent?"

Jinks: "Well, it was never stated in the sense you're talking about. It's just that, you know, one or the other of them would be in the room when a trip was discussed or something like that. . . .

"If you're sitting, like, with someone from Bank of America you wouldn't say, like, 'I would like some independent verification to see if you're from the Bank of America.' You kind of assume certain things as you're introduced to people and you're sitting there."

Jinks had first come to the attention of the SEC in August 1981, when an SEC examiner conducted a one-day inspection of Bishop-Baldwin. According to a report filed by SEC examiner Lawrence Friend, Rewald named Jinks as the Bishop-Baldwin staffer who occasionally did investment advising for the firm's clients.

The SEC inspection caught Rewald by surprise. There were no records to show to examiner Friend. Rewald

told him they were all at the firm's accountant's office in California.

The next day, Rewald contacted the CIA's Honolulu office to ask for help in heading off what he feared might turn into a major SEC investigation of Bishop-Baldwin.

The SEC, despite finding no financial records to examine, did not pursue Bishop-Baldwin. It apparently delayed completing the report on its one-day inspection, since it was not filed until April 1982, nearly eight months after the on-site examination.

SEC officials familiar with the case were unavailable for comment.

Ten days after SEC examiner Friend submitted his final version of the report, Stanley Sporkin left his SEC job to take his current position as CIA chief counsel.

In moving from the SEC to the CIA, Sporkin joined William Casey, who had been director of the SEC and is now director of the CIA. Casey has been dogged throughout his career with charges of improper insider trading.

Rewald's attorney has filed a motion in Federal Court in Honolulu seeking access to about 1,700 company and government documents that have been sealed at the request of the CIA, but which Rewald says would prove his CIA connections.